

Pension Funding Work Session



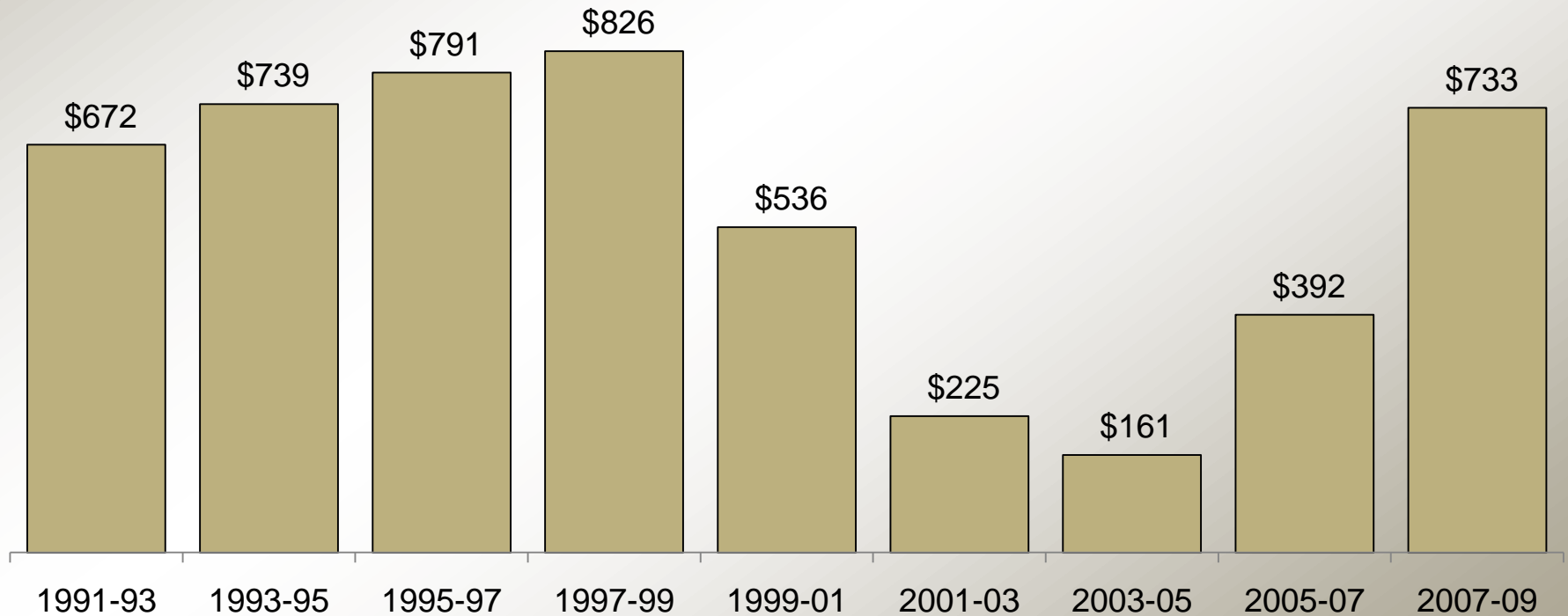
Senate Ways and Means Committee

January 26, 2009

<http://www1.leg.wa.gov/Senate/Committees/WM/>

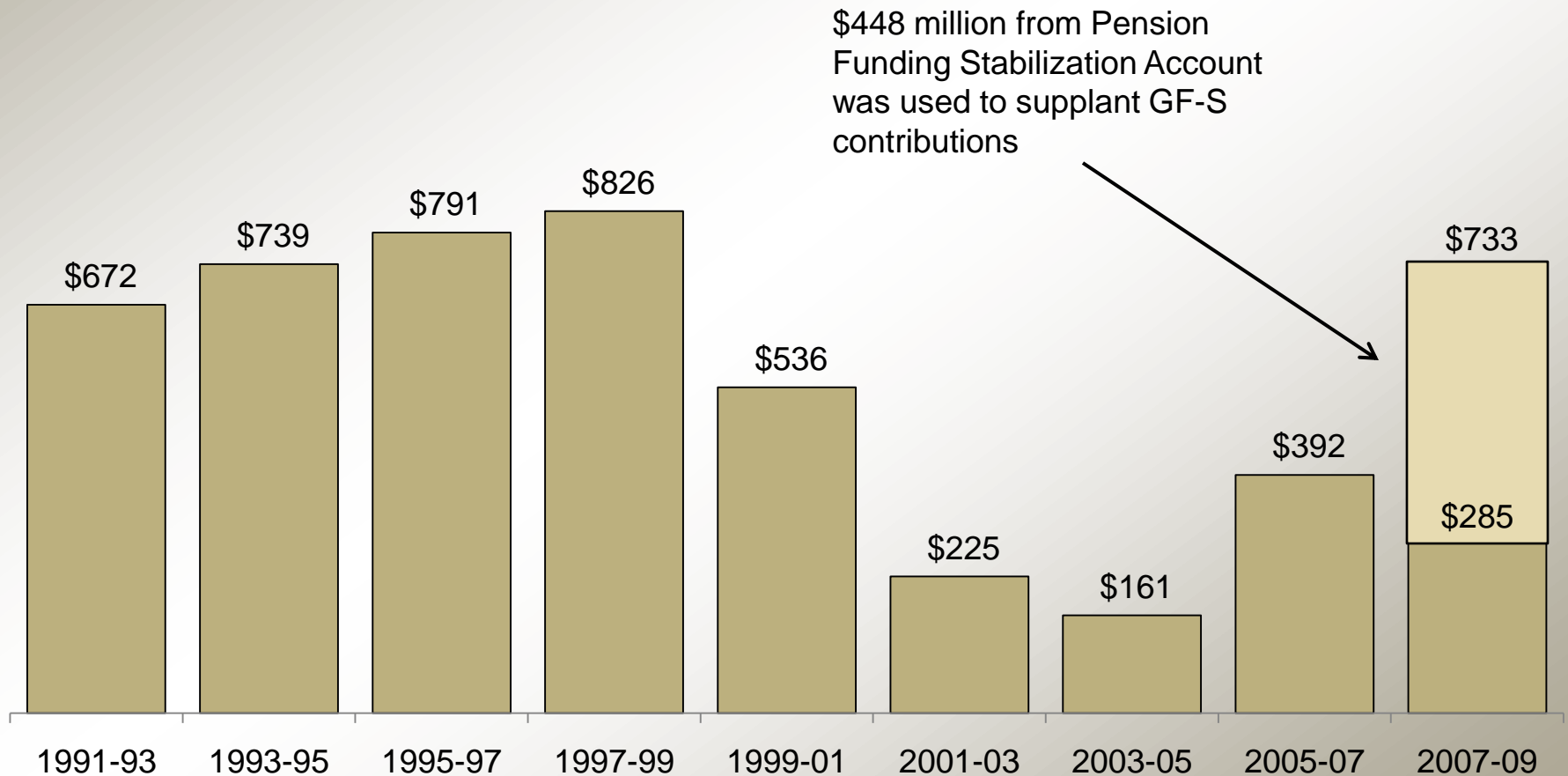
Pension Contributions Increased Substantially in 2007-09

Pension contributions in millions of General Fund-State



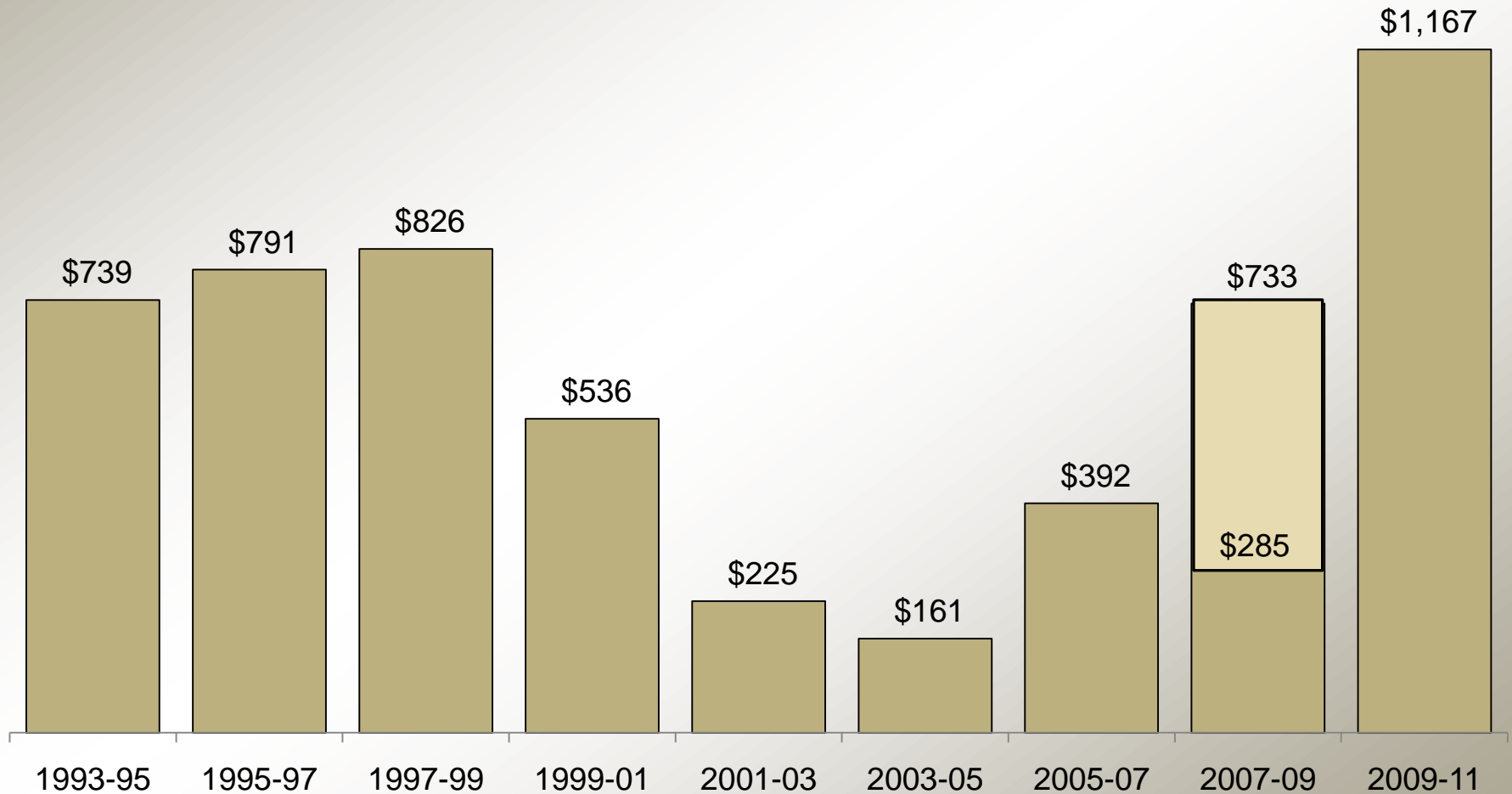
However The Base Of Contributions Could Be Higher

Pension contributions in millions of General Fund-State



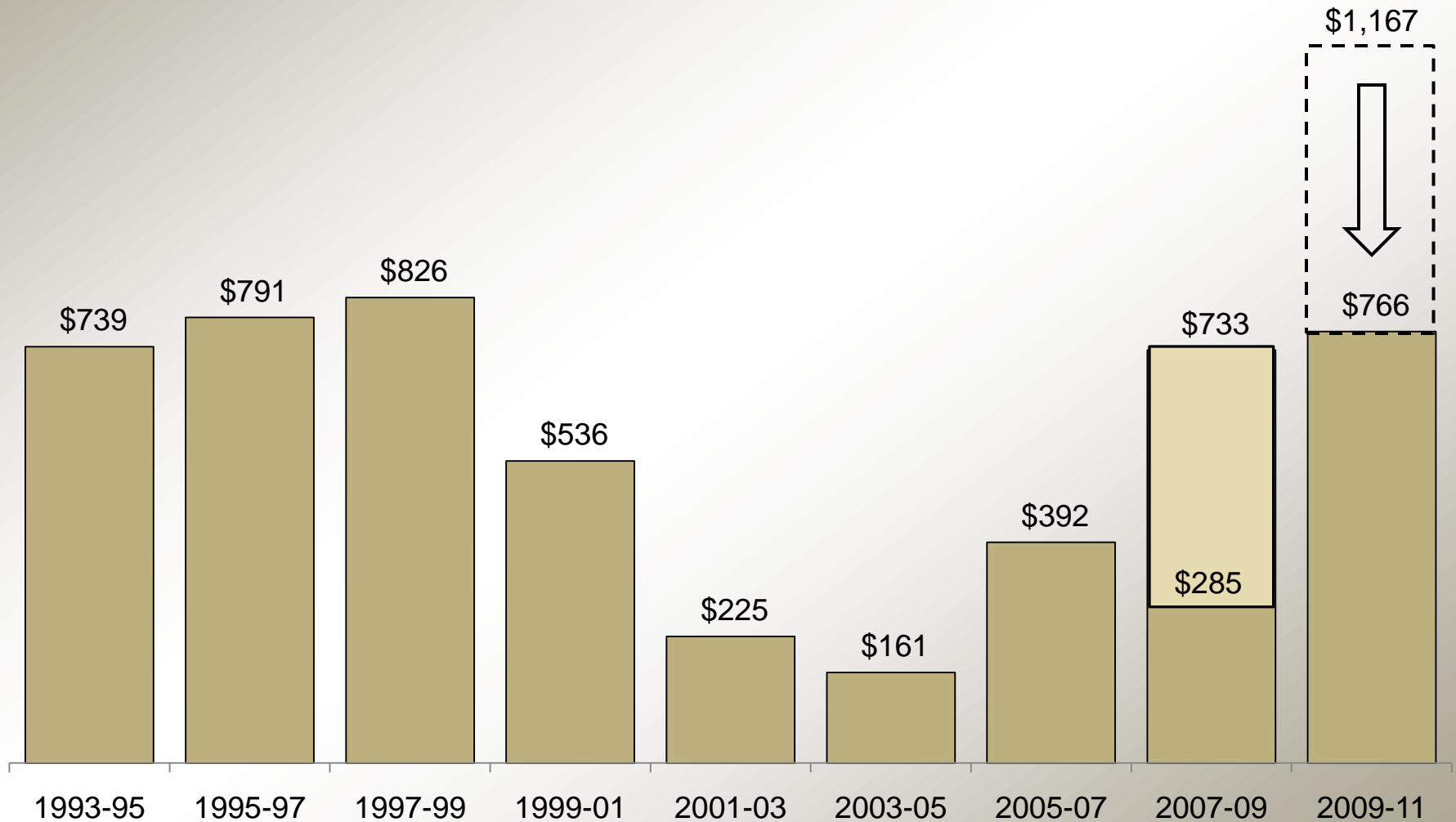
Contribution Requirements Will Continue To Increase

*Pension contributions in millions of General Fund-State
2009-11 contributions based on rates adopted by the Pension Funding Council*



The Governor Has Proposed Funding Methodology Changes That Save About \$400 Million GF-S

Pension contributions in millions of General Fund-State



The Governor's Pension Funding Proposal

The Governor's funding proposal for 2009-11 includes:

- Adoption of the Projected Unit Credit funding method
- Delayed implementation of mortality tables that recognize increasing life spans
- Suspension of the minimum employer contribution rates established under Chapter 365, Laws of 2006 (HB 2681)
- Reduction of the assumed rate of salary growth for actuarial purposes from 4.5% per year to 4% per year

These four changes would reduce GF-S contribution requirements by approximately \$400 million in 2009-11.

The Governor's Pension Funding Proposal

Employer Contribution Rates

Plan	FY 2009	2009-11 Current Law	2009-11 Governor's Proposal
PERS	8.31%	8.00%	5.76%
TRS	8.38%	10.95%	7.60%
SERS	7.54%	8.28%	5.94%
LEOFF 2*	8.83%	8.61%	3.11%
WSPRS	9.43%	8.73%	0.16%
PSERS	7.86%	10.22%	8.19%

*LEOFF 2 rate shows employer and state contributions combined

The Governor's Pension Funding Proposal

Plan 2 Employee Contribution Rates

Plan	FY 2009	2009-11 Current Law	2009-11 Governor's Proposal
PERS	4.83%	4.61%	2.38%
TRS	3.39%	4.93%	1.59%
SERS	4.31%	4.00%	1.67%
LEOFF 2	8.99%	8.45%	2.95%
WSPRS	6.57%	6.94%	0.00%
PSERS	6.70%	6.95%	4.92%